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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 003160

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SUBJECT: TAIWAN-JAPAN FISHING DISPUTE NOT HINDERING  
SECURITY TIES

REF: TAIPEI 2530

Classified By: AIT Director Douglas Paal, Reason 1.4 (b/d)

11. (C) Summary: Taiwan and Japanese officials insist that their fishing dispute will not affect Tokyo-Taipei security ties or their bilateral relationship. Both sides are preparing for another round of talks in Tokyo on July 29, but neither is optimistic there will be a breakthrough because significant gaps remain despite several years of negotiations. Taiwan officials and Japanese diplomats note that domestic pressure and lawmakers on both sides eager to politicize the issue are also complicating negotiations. However, both sides assure AIT that they will not allow the dispute to hamper Taipei-Tokyo ties and have agreed to put aside sovereignty issues and focus on expanding the joint fisheries area under dispute (Reftel). Taipei is quickly seeking to diffuse the domestic row over the dispute by urging Legislative Yuan (LY) members to temper their political maneuvering and dispatching senior officials to meet with the fishermen to ensure they do not escalate tensions ahead of the talks on Friday. End summary.

#### Little Optimism for July 29 Talks

12. (C) Taiwan and Japanese officials believe there is little reason for optimism when the two sides meet in Tokyo on July 29 for another round of talks. Japan Interchange Association (JIA) Director of Economic Affairs Masahiko Sugita suggested there is little hope for a breakthrough since both sides are still very far apart after 14 meetings since 1996. Taiwan National Security Council (NSC) Senior Advisor for Asia Affairs, Lin Cheng-wei, told AIT that Taipei did work out some concessions for the July 29 talks in the nine-point package presented to Japan on July 12, most notably the proposal to put aside sovereignty claims and focus on the issue of fishing rights. Lin said that NSC Senior Advisor Lin Jin-chang, a native of Ilan with family ties to the fishing industry, directly negotiated this concession with the Ilan/Suao fishermen. However, Lin is pessimistic that a compromise can be achieved in Tokyo because he expects Japan to reject Taiwan's latest proposal, which encourages Japan to accept a larger fishing zone for Taiwan. He told AIT he is already working on a new compromise, including a proposal to jointly monitor the disputed waters between Taiwan and Japan, which will be introduced during future talks if negotiations in Tokyo fail.

#### Domestic Pressure Complicating Talks

13. (C) Officials in both Taiwan and Japan are grappling with domestic and political pressure which is complicating ongoing talks to resolve the dispute. JIA's Sugita said that Tokyo is dealing with objections from Okinawa-based Diet members and explained that the Japanese Ministry of Agriculture, Forestry, and Fisheries (MAFF) has bowed to their pressure, complicating efforts to find a common formula to solve the dispute. Sugita added that during Japanese Diet member Hirosato Nakatsugawa's July 19-21 visit to Taiwan, Nakatsugawa personally met with President Chen Shui-bian to discuss the dispute and complained that the Taiwan fishing boats continue to enter Japanese-claimed waters and urged Taipei to make more concessions.

14. (C) On the Taiwan side, Ministry of Foreign Affairs (MOFA) James Liao from the Taiwan-Japan Relations Task Force lamented that Taiwan lawmaker efforts to politicize the issue are also pressuring Taipei. He said the most troublesome group has been the Pan-Blue LY members, who demand that the government cooperate with the PRC to counter Japan. Vice-Foreign Minister Michael Kau added that tensions remain high and that the Pan-Blue politicians and their antics in June (Reftel) have whipped up anti-Japanese sentiment among the fishing community and the broader Taiwan populace. JIA's Sugita also noted that he fears political posturing by Taiwan politicians in preparation for Taiwan's year-end local elections might further hamper future negotiations.

Both Sides Seek to Diffuse Dispute

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15. (C) Both sides are working to ensure the fishing dispute does not influence the larger Taiwan-Japan relationship. NSC's Asia Affairs Lin told AIT that Tokyo has been very responsive to Taiwan's concerns and that Japanese officials assured him that Tokyo does not want the fishing dispute to hinder security or political cooperation. JIA's Sugita explained that Japan views very positively Taipei's efforts to downplay the fishing dispute at home and willingness to put aside sovereignty issues and focus on the negotiations. Tokyo, he added, is also working hard to ensure the fishing dispute does not affect Taipei-Tokyo bilateral ties.

16. (C) Presidential Office Deputy Secretary-General James Huang told AIT that he has little hope for significant progress in the coming round of talks. He emphasized that Taiwan wants to minimize disagreements with Japan, but it is not willing to make concessions on sovereignty issues or on the determination of which topographical features are "islands" that would justify Japan's delineation of an economic zone. He re-emphasized that Taiwan's objective is to avoid conflict or concession with Japan while eliminating any opportunity for the Pan-Blue opposition to foment unrest among Taiwan fishermen.

17. (C) Vice-Foreign Minister Kau said that while tensions among both sides are high in the disputed fishing area as incursions and expulsions continue, progress is being made. Taiwan will have its Ministry of Interior play a leading role in the talks to handle the boundary issues. It will work hard, however, to keep Taiwan fishermen from directly participating in the talks. Taiwan was unhappy with the precedent Japan set of including Japanese fishing representatives in an earlier round. Taipei fears including fishing representatives will make it harder to reduce tensions.

18. (C) Kau said Defense Minister Lee Jye will personally go to the Ilan-Suao area to ensure the fisherman do not do anything to sabotage the talks. While MOFA's Liao noted that MOFA is taking the unusual step of visiting LY members to encourage them to temper their political rhetoric and to explain to them the delicate nature of the talks. Liao assessed that MOFA's efforts are having a positive effect on the LY members, but lamented how difficult it has been because the lawmakers want press coverage and seek to use the dispute for their own political gain.

Comment: Domestic Politics Main Driver  
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19. (C) By sidestepping the sovereignty issue, both sides may be moving towards an agreement that reduces the risk of clashes between Taiwan fishing boats and Japanese patrol boats. Despite this agreement, it appears that neither side is willing to make the compromises necessary to close a deal anytime soon. They fear too much of a concession will provoke outrage by fishing groups and politicians on both sides. Taiwan's DPP government feels it can ill afford to give the highly organized fisherman and their Pan-Blue backers an opportunity to protest, which explains the government's campaign to soothe Pan-Blue LY members and the fishermen before the June 29 talks. Both Japan and Taiwan may have concluded that getting through this round without sharp domestic reaction is the best they can hope for before regrouping and holding another round of talks.

PAAL